

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 AID-05 CEA-01 COME-00 EB-07 EA-07 FRB-03
IO-13 NEA-10 OPIC-03 TRSE-00 LAB-04 EPG-02 SIL-01
AGRE-00 OMB-01 OES-07 FEA-01 /123 W
-----073105 241110Z/14

R 241042Z JUN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9314
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS
USMISSION USUN NEW YORK

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USEEC
USOECD

E.O. 11652: NA
TAGS: EAID, ETRD, GW
SUBJ: ECONMIN STATE SECRETARY DR. SCHLECHT
STATEMENT ON NORTH-SOUTH ISSUES.

REF: (A) BONN 10032, (B) 9534

1. IN A RATHER SOPHISTICATED SPEECH ON THE OCCASION
OF THE ANNUAL ASSEMBLY OF THE IFO RESEARCH INSTITUTE,
MUNICH, ON JUNE 21, 1977, ECONMIN STATE SECRETARY
DR. SCHLECHT MADE A CRITICAL ANALYSIS OF THE PRESENT
STATUS OF THE NORTH-SOUTH DIALOGUE, CHARACTERIZING THE
GERMAN POSITION IN THE FOLLOWING SENTENCE: "WE HAVE
PAID HEAVILY ALREADY AND NOW WE SHOULD BE WATCHFUL SO
THAT WE SHALL STILL GET AWAY WITH NO MORE THAN A BLACK
EYE". HE CAUTIONED THAT A "NEW INTERNATIONAL ECONOMIC
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ORDER, AS IT IS DEMANDED BY THE LDCS, BASED ON THEIR
SHORT-RANGE, FICTITIOUS ADVANTAGE, MAY EASILY BE THEIR
LAST ORDER". SCHLECHT PLEADED IN FAVOR OF MAINTAINING
THE MARKET MECHANISM.

2. THE STATE SECRETARY VALUED THE PARIS DIALOGUE AS
A NEW FACTOR FOR THE METHOD BY WHICH INTERNATIONAL

ECONOMIC RELATIONS CAN AND SHOULD BE FORMULATED IN THE FUTURE. HE ASSESSED IT AS POLITICALLY POSITIVE THAT A CONFRONTATION COULD BE AVOIDED AND THAT THE DISCUSSIONS CAN BE RESUMED AT SEVERAL FORA IN THE FUTURE. IN THESE DISCUSSIONS IT WILL BE NECESSARY TO POINT TO THE ABSOLUTE INTERDEPENDENCE OF ECONOMIC RELATIONS AND TO UNDERTAKE ALL POSSIBLE MEASURES IN ORDER TO EXPAND PRIVATE INVESTMENT, BECAUSE ECONOMIC DEVELOPMENT IS A MATTER OF WORLDWIDE GROWTH.

3. FROM THE GERMAN VIEWPOINT, DR. SCHLECHT STATED, THE FOLLOWING MEASURES ARE THE RIGHT ONES TO BE PURSUED FURTHER:

A. SPECIFIC REAL TRANSFER OF RESOURCES THROUGH DEVELOPMENT AID ON A BILATERAL AS WELL AS MULTILATERAL BASIS;

B. FURTHER OPENING OF DC MARKETS FOR INDUSTRIAL AS WELL AS AGRICULTURAL PRODUCTS FROM LDCS;

C. ADJUSTMENT OF THE ECONOMIC STRUCTURE -- BUT NOT THROUGH SUBSIDIES OR PRIVATE CARTELS;

D. TEMPORARY MEASURES TO CUSHION THE SOCIAL IMPACT OF MARKET AND STRUCTURAL ADJUSTMENTS;

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E. PROMOTION OF THE MOBILITY OF PRODUCTION FACTORS AND INNOVATIONS TO FACILITATE THE STRUCTURAL CHANGE;

F. BETTER COORDINATION OF STRUCTURAL ACTIVITIES;

G. IMPROVED STRUCTURAL REPORTING TO ACHIEVE A GREATER TRANSPARENCY AND STRUCTURAL INFORMATION FOR INDUSTRY

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AND GOVERNMENT;

H. FURTHER CONSISTENT REDUCTION OF DEPENDENCE ON
PETROLEUM;

I. CONTINUATION OF INTERNATIONAL NEGOTIATIONS ON
EXPORT EARNING STABILIZATION; AND

J. INTERNATIONAL CONTROL OF ECONOMIC POWER POSITIONS.

4. DR. SCHLECHT CONCLUDED: "ALTOGETHER, WE MUST
PURSUE A POLITICAL AND ECONOMIC STRATEGY WHICH IS
DIRECTED INTO THE FUTURE FROM DOMESTIC AS WELL AS
WORLD ECONOMIC VIEWPOINTS. ONLY IF WE ADHERE TO MARKET-
ECONOMIC PRINCIPLES IN OUR DOMESTIC POLICY, CAN WE
ADVOCATE IN A CREDIBLE WAY THE MAINTENANCE OF A FREE
WORLD MARKET ALSO TO THE OUTSIDE. AT THE SAME TIME,
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HOWEVER, THE FUNCTIONING OF A FREE WORLD TRADE IS
EQUALLY NECESSARY SO THAT THE DYNAMICS OF OUR LIBERAL
ECONOMIC ORDER REMAINS INTACT DOMESTICALLY".

5. COMMENT: FOLLOWING EARLIER STATEMENTS BY ECONMIN
STATE SECRETARY ROHWEDDER (REF A) AND OTHER PERSONAL
COMMENTS FROM FRG OFFICIALS (REF B), WE HAVE THE
IMPRESSION THAT THE FRG IS PRIVATELY DISAPPOINTED WITH
THE CIEC OUTCOME, BUT PUBLICLY TRYING TO PUT THE BEST
FACE ON IT. WE FIND SCHLECHT'S SPEECH CONSTRUCTIVE,
CONTAINING LITTLE THAT IS NEW, BUT MUCH THAT WILL BE
HELPFUL IN FORMULATING OUR OWN FOLLOWUP TO CIEC.

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Message Attributes

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